

## Message Text

SECRET

PAGE 01 BUENOS 04196 071500Z

54

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

----- 069858

O 071410Z JUN 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 6801

S E C R E T BUENOS AIRES 4196

EXDIS

ARA PASS AMBASSADOR HILL

E.O. 11652: GDS

TAGS: PFOR, MILI, AR, MASS

SUBJECT: ADVERSE CONSEQUENCES OF INVOCATION OF 620(A)(3)FAA

REF: A) COMUSMILGP ARGENTINA 061920Z JUN 74

B) SECDEF 2505 DTG 052131Z JUN 74

C) USDAO BUENOS AIRES 0619 DTG 051432Z JUN 74

D) SECDEF 2008 DTG 242200Z MAY 74 SPECAT EXCLUSIVE

E) COMUSMILGP ARGENTINA 061920Z JUN 74 SPECAT EXCLUSIVE

1. SUMMARY: THE EMBASSY IS DEEPLY DISTURBED BY THE NEGATIVE CONSEQUENCES INVOCATION OF 620(A)(3) FAA WILL HAVE ON US-GOA RELATIONS, AND POSSIBLY HEMISPHERIC RELATIONS. AS NOTED IN REFTEL (A) CONSEQUENCES OF ACTION WILL QUICKLY SPREAD FROM OUR RELATIONS WITH THE ARGENTINE MILITARY TO A MAJOR GOVERNMENT-TO-GOVERNMENT CONFRONTATION. IT WILL (A) DAMAGE OUR PROMISING BILATERAL RELATIONS WITH ARGENTINA, (B) SIGNIFICANTLY INCREASE CHANCES THAT ARGENTINA WILL TURN TO SOVIETS FOR ARMS SUPPLY AND ASSISTANCE, (C) RESULT IN SHIFT FROM MODERATE HEMISPHERIC POLICY ARGENTINA NOW PURSUING TO ONE MORE HOSTILE TO OUR INTERESTS, AND (D) UNDERCUT POSITION OF MODERATES AND PLAY INTO HANDS OF MORE EXTREME NATIONALISTS. IN VIEW OF THESE NEGATIVE CONSEQUENCES, EMBASSY BELIEVES IT IS DEFINITELY IN US INTERESTS THAT 620(A)(3) NOT BE INVOKED. WE URGE THAT A PRESIDENTIAL DETERMINATION BE SOUGHT ON AN URGENT BASIS AND THAT IN THE INTERIM NO STEPS BE TAKEN TOWARD IMPLEMENTING 620(A)(3). END SUMMARY.

SECRET

SECRET

PAGE 02 BUENOS 04196 071500Z

2. MILITARY ASPECT: THE INVOCATION OF 620(A)(3) IN CONCRETE

TERMS MEANS THAT THE US WOULD TERMINATE A 500 THOUSAND GRANT-AID TRAINING PROGRAM. WHILE IT IS PROBABLY MORE VALUABLE TO US IN TERMS OF INFLUENCE AND CONTACTS THAN IT IS TO THE ARGENTINES IT IS NOT LARGE IN ABSOLUTE TERMS OR VITAL TO EITHER THE US OR ARGENTINA. IT IS NOT THE SIZE OR IMPORTANCE OF THE GRANT-AID ITSELF WHICH MAKES THIS A CRUCIAL ISSUE IN US-ARGENTINE RELATIONS; RATHER, IT IS THE NATURE OF THE ACT--I.E. TERMINATION BY WHAT THE ARGENTINES WILL REGARD AS "PUNITIVE SANCTIONS." INVOCATION OF 620(A)(3) WILL CREATE CONSIDERABLE BITTERNESS ON PART OF ARGENTINE MILITARY. PREVIOUS CASES IN WHICH US "LET THEM DOWN" WILL BE RECALLED AND THE RELIABILITY OF THE US IN THEIR EYES WILL AGAIN BE CALLED INTO QUESTION. AT A TIME WHEN THE SOVIET GOVERNMENT HAS MADE OVERTURES TO THE ARGENTINE MILITARY (REF C), THE PRESENT GOVERNMENT, LESS INHIBITED IN DEALING WITH MOSCOW THAN PREVIOUS ONES AND WITH POSITIVE ECONOMIC MOTIVES, SUCH AS EXCHANGING LOCAL PRODUCTS FOR SOVIET ARMS ON FAVORABLE TERMS, MIGHT WELL CONSIDER A TURN TOWARD MOSCOW IN THIS PARTICULAR REGARD TO BE IN ITS INTEREST. OUR ACTION IN INVOKING 620(A)(3) WOULD SIMPLY HAVE HELPED TO PRODUCE A CLIMATE IN WHICH SUCH A MOVE WOULD APPEAR ALL THE MORE ATTRACTIVE AND JUSTIFIABLE TO THEM. WE ASSUME SOVIETS WOULD WELCOME CHANCE TO STRENGTHEN THEIR RELATIONSHIP WITH ARGENTINA BY TRADING ARMS FOR MEAT, WHICH ARGENTINA IS FINDING IT INCREASINGLY DIFFICULT TO PLACE IN WORLD MARKET. WE DO NOT WISH TO SUGGEST THAT THIS WOULD RESULT IN ANY MAJOR ARGENTINE POLITICAL SHIFT TOWARD MOSCOW AT THIS POINT. AT SAME TIME, HOWEVER, LIKELIHOOD OF INCREASED SOVIET MILITARY PRESENCE HERE IS CERTAINLY FACTOR WHICH SHOULD BE TAKEN INTO CONSIDERATION IN DECIDING WHETHER IT IS IN INTEREST OF U.S. TO INVOKE 620(A)(3).

3. VIGNES AND OTHER MODERATES: US WAIVER ON CUBAN LICENSES WAS VIEWED IN LOCAL POLITICAL CIRCLES AS A VICTORY FOR VIGNES AND THE MODERATE, PROFESSIONAL LINE HE AND FOREIGN OFFICE COLLEAGUES ESPOUSED. ON CUBA TRADE ISSUE, THEY WERE ABLE TO GO BOTH TO PERON AND INFLUENTIAL PUBLIC FIGURES WITH POSITIVE RESULTS THEIR POLICIES HAD PRODUCED. CRITICS OF VIGNES AND HIS POLICIES ARE NOT IN SHORT SUPPLY. IF BY OUR ACTIONS WE PULL THE RUG OUT FROM UNDER HIM, AND THAT IS PRECISELY WHAT WE WILL BE DOING IF WE INVOKE 620(A)(3), WE CAN EXPECT AT BEST A

SECRET

SECRET

PAGE 03 BUENOS 04196 071500Z

GELBARD-STYLE ANTI-US FONMIN (AND POLICIES)--IF NOT A RETURN TO A PUIT-LIKE HEMISPHERIC POLICY.

4. ANOTHER VERY LIKELY CASUALTY SHOULD WE IMPLEMENT 620(A)(3) WILL BE THE UNTIL-NOW VERY SUCCESSFUL HEMISPHERIC POLICY OF "NEW DIALOGUE". NO NEW POLICY DEPARTURE TOWARD LA CAN FULLY SUCCEED AGAINST THE ACTIVE HOSTILITY OF ARGENTINA. UNTIL NOW, THE GOA HAS TAKEN THE LINE THAT IT WANTS MFM (WHICH IT WILL

HOST) TO BE A SUCCESS AND HAS ACCORDINGLY TRIED TO PLAY POSITIVE ROLE IN HEMISPHERIC AFFAIRS. WITH INVOCATION (OR APPEARANCE OF INVOCATION) OF 620(A)(3), HOWEVER, WE WILL BE BACK TO SQUARE ONE. THE MFM IN MARCH WILL FACE AN UNFAVORABLE OR EVEN HOSTILE CLIMATE.

5. ECONOMIC REPRISALS: THE POSSIBILITY THAT THE GOA MIGHT DECIDE TO TAKE SOME ACTION AGAINST US COMPANIES, NO MATTER HOW ILL-ADVISED, IS ALSO A POSSIBILITY. GELBARD AND THE BRAND OF NATIONALIST THINKING HE REPRESENTS WILL SEE OUR ACTIONS AS A DIRECT ATTACK ON THEIR POLICY OF OPENING NEW MARKETS FOR ARGENTINA. THE RESTRAINTS ON THOSE WHO WISH TO SEE ANTI-AMERICAN ECONOMIC POLICY ARE IMPOSED PRECISELY BY THE GROUPS WE WOULD BE UNDERCUTTING BY OUR ACTIONS--E.G. THE FOREIGN OFFICE AND THE MILITARY. FEW, IF ANY ARGENTINE LEADERS FAVORABLE TO THE US (AND THERE ARE MANY) COULD DEFEND OUR ACTION WHILE OUR CRITICS, PARTICULARLY IN THE ECON MINISTRY AND CONGRESS, WILL HAVE CARTE BLANCHE TO ATTACK US AT OUR MOST VULNERABLE POINT--US INVESTMENT.

6. RECOMMENDATION: WHILE EMBASSY DOES NOT RECOMMEND THAT US SEEK TO COUNTERVENT INTENT OF 620(A)(3), WE DO STRONGLY URGE FAVORABLE PRESIDENTIAL DETERMINATION BE SOUGHT ON URGENT BASIS AND THAT IN INTERIM EMB BE INSTRUCTED TAKE NO ACTION UNDER 620(A)(3) WHICH WOULD JEOPARDIZE OUR BILATERAL RELATIONS WITH GOA. UNDER GUIDANCE PROVIDED REFTEL (D), WE MIGHT HAVE TO TAKE STEPS THAT WILL DAMAGE OUR RELATIONS (SEE REF (E)) WHILE WE AWAIT A DECISION THAT MAY MAKE THIS UNNECESSARY. WE BELIEVE WISER COURSE WOULD BE TO GET RAPID DETERMINATION AND FIRM POLICY GUIDANCE BEFORE DAMAGING, POSSIBLY NEEDLESSLY AND IRRETRIEVABLY OUR POSITION. OF COURSE, THE MORE DELAY IN SECURING PRESIDENTIAL DETERMINATION, THE GREATER THE POSSIBILITY OF A LEAK. ONCE IN THE HANDS OF THE NATIONALIST PRESS,  
SECRET

SECRET

PAGE 04 BUENOS 04196 071500Z

IT WILL BE ALL THE MORE DIFFICULT TO CONTROL EVENTS OR REACH A RESOLUTION.  
MONTLLOR

SECRET

NNN

## Message Attributes

**Automatic DecapTIONing:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY ASSISTANCE, FOREIGN ASSISTANCE LAW, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JUN 1974  
**DecapTION Date:** 28 MAY 2004  
**DecapTION Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BUENOS04196  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740145-0532  
**From:** BUENOS AIRES  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740666/aaaacevq.tel  
**Line Count:** 157  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION SS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** EXDIS  
**Reference:** A) COMUSMILGP ARGENTINA 061920Z JUN, 74  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** smithrj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 JUN 2002 by boyleja>; APPROVED <25 FEB 2003 by smithrj>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ADVERSE CONSEQUENCES OF INVOCATION OF 620(A)(3)FAA  
**TAGS:** PFOR, MILI, MASS, AR, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005